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Message Text

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ACTION TRSE-00

INFO OCT-01 EA-11 ISO-00 NEA-10 IO-14 H-03 L-03 PA-04

PRS-01 USIA-15 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 SS-20 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

AGR-20 COA-02 INT-08 DRC-01 /206 W
---------- 123889
P 190853Z APR 74
FM AMEMBASSY MANILA
TO SECSTATE WASHDC PRIORITY 2845
INFO AMEMBASSY KUALA LUMPUR PRIORITY

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USADB

FOR NAC AGENCIES

E.O. 11652: DECLAS 7/31/74
TAGS: EAID, EFIN, MY
SUBJ: PROPOSED ADB TECHNICAL ASSISTANCE TO MALAYSIA
FOR FISHERIES DEVELOPMENT PROJECT

SUMMARY: ADB MANAGEMENT PROPOSES US$167,000 EQUIVALENT TECHNICAL ASSISTANCE GRANT TO GOVT OF MALAYSIA FINANCE FOREX COST OF CONSULTANTS TO ASSIST FISHERIES DEVELOPMENT AUTHORITY (FDA) IN ASSESSMENT FISHERIES PROGRAM OF MALAYSIA, ESPECIALLY RESOURCES AND FACILITIES EAST COAST PENISULAR MALAYSIA; PREPARE DETAILED FIRST-PHASE INVESTMENT PROGRAM (1975-80); ASSIST IMPLEMENTATION ON-GOING EAST COAST INVESTMENT PROJECTS; PLAN TRAINING PROGRAM AND FACILITIES. USADB RECOMMENDS FAVORABLE NAC ACTION.

1. ADB DOC R41-74 WITH ATTACHMENTS DESCRIBING PROPOSED
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GRANT POUCHED ADDRESSEES APRIL 17. BOARD CONSIDERATION

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SCHEDULED MAY 7.

2. ADB MANAGEMENT PROPOSING US$167,000 EQUIVALENT TECHNICAL ASSISTANCE (TA) GRANT TO GOVT OF MALAYSIA. PROCEEDS WILL FINANCE FOREX COST OF CONSULTANT SERVICES TO REVIEW AND ASSESS OVERALL FISHERIES PROGRAM IN CONTEXT PREVAILING CONDITIONS, AVAILABLE FACILITIES, FISH RESOURCES, PROJECTED DEMAND; PARTICULARLY ROLE AND SCOPE OF EAST COAST FISHERIES SECTOR AND PLAN TO OPTIMIZE UTLIZATION, IMPROVE ECONOMIC AND SOCIAL CONDITIONS FISHING COMMUNITIES; PREPARE FIRST PHASE (1975-80) INVESTMENT PROGRAM TO INCREASE FISH LANDINGS ON EAST COAST BY 150,000 TONS; ASSIST IN IMPLEMENTING ON-GOING INVESTMENT PROJECTS INCLUDING FISHING VESSELS, MARKETING COMPLEXES, ICE AND REFRIGERATION PLANTS, FISHMEAL AND PROCESSING PLANTS; PLAN TRAINING PROGRAMS. IF LOAN PROJECT IS SUBSEQUENTLY FORMULATED AND BANK LOAN APPROVED, AMOUNT OF TA EXCEEDING $100,000 WOULD BE INCORPORATED IN SUCH LOAN. FISHERIES DEVELOPMENT AUTHORITY (FDA) AGENCY OF MINISTRY OF AGRICULTURE AND FISHERIES, TO BE EXECUTING AGENCY FOR PROPOSED TA.

3. ALTHOUGH DOMESTIC MARKET ALONE COULD ABSORB ADDITIONAL 200,000 TONS OF FISH BY 1980, EXPORT MARKETS SUCH AS SINGAPORE AND JAPAN INCREASING DEMAND, SURVEYS AND OTHER ASSESSMENTS INDICATE EAST COAST FISH RESOURCES CONSIDERABLY UNDER UTILIZED, PRODUCTION COULD BE SIGNIFICANTLY INCREASED WITHOUT RISK DEPLETION OF RESOURCES. FISHERMEN ON EAST COAST UNABLE EXPLOIT PRODUCTION POTENTIAL WITH AVAILABLE EQUIPMENT, FACILITIES AND SKILLS. SUBSTANTIAL INVESTMENT NEEDED IN MODERN MOTORIZED BOATS, FISHING GEAR, SHORE FACILITIES FOR ICE-MAKING, REFRIGERATION AND STORAGE, PROCESSING AND MARKETING. ALTHOUGH EAST AND WEST COASTLINES APPROXIMATELY EQUAL, AVERAGE FISH LANDINGS IN 1971 AND 1972 (ABOUT 312,000 TONS) DISPROPORTIONATELY SHARED WITH 76 PERCENT ON WEST COAST, ONLY 24 PERCENT BY EAST COAST.

4. VARIOUS SURVEYS INCLUDING 1967 JOINT THAI-MALAYSIAN-GERMAN TRAWLING SURVEY AND 1968 FAO/IBRD FISHERIES MISSION
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TO MALAYSIA DISCLOSED MUCH HIGHER CATCH RATES OF FISH FOR HUMAN CONSUMPTION POSSIBLE USING TRAWLERS IN 100 GT CLASS IN COASTAL WATERS. DESPITE LOWER POPULATION DENSITY, EAST COAST PRODUCTIVITY RATES MUCH LOWER PER FISHERMAN (2.8 TONS IN 1971 ON EAST COAST COMPARED TO 5.7 TONS ON WEST COAST), ACCORDING EAST COAST FISHERMEN INCOMES VERY DEPRESSED (BETWEEN M$50 AND M$80/MONTH), AMONG LOWEST RATES IN COUNTRY. LOW PRODUCTIVITY ATTRI-

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BUTED TO SHORTAGE OF MODERN BOATS AND GEAR, PARTI-
CULARLY LARGER INBOARD-POWERED CRAFT. ALSO SUPPORTING
SHORE FACILITIES BADLY UNDERCAPITALIZED ON EAST COAST,
WHICH ACCOUNTS FOR ONLY 20 PERCENT OF DAILY ICE PRO-
DUCTION CAPACITY (363 TONS AT END OF 1972); AND 3
PERCENT FISH STORAGE, ICE FACTORIES AND REFRIGERATION
COMPLEXES OF PENINSULAR MALAYSIA LOCATED ON EAST COAST;
1972 FIRST PILOT FISH CANNING PLANT STARTED ON EAST
COAST (KOALA TRENGGANU) WHILE 22 PLANTS
LOCATED ON WEST COAST; ALSO THREE TIMES AS MANY FISHMEAL
PLANTS (29) ARE LOCATED ON WEST, COMPARED TO EAST
COAST (10).

5. ANALYSIS OF BOTH DOMESTIC CONSUMPTION AND FOREIGN TRADE DEMAND
SHOW INCREASING PER CAPITA HUMAN CONSUMPTION, PROJECTION OF ABOUT
ONE-THIRD INCREASE BY 1980; "TRASH" FISH HAVE MARKET FOR
MANURE AND FISHMEAL PRODUCTION. TOTAL FISH LANDINGS
NEEDED TO MEET PROJECTED DOMESTIC DEMANDS WOULD HAVE
TO INCREASE TO 510,000 TONS, A 65 PERCENT INCREASE OVER
CURRENT PRODUCTION LEVELS, NOT COUNTING ANTICIPATED
INCREASE IN EXPORT DEMANDS (SINGAPORE, JAPAN, ELSEWHERE)
AS WELL.

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6. FISHERIES DEVELOPMENT AUTHORITY (FDA) ESTABLISHED
1971 AS EXECUTIVE AGENCY MINISTRY OF AGRICULTURE AND
FISHERIES WITH TASK OF INCREASING FISH PRODUCTION, ECONOMIC
AND SOCIAL CONDITIONS OF FISHERMEN BY INCRASING PER
CAPITA OUTPUR AND INCOME BY ADOPTION MORE EFFICIENT
TECHNOLOGY; STIMULATE INVESTMENT IN SUPPORTIVE
INDUSTRIES, REDRESS ECONOMICSTATUS AMONG FISHERMEN.
FDA HAS IMPLEMENTATION AUTHORITY ALL DEVELOPMENT PROJECTS
FISHERIES SECTOR, HOWEVER LACKS QUALIFIED STAFF
PARTICULARLY TECHNICIANS.

7. GOVT HAS GIVEN PRIORITY TO DEVELOPMENT EAST COAST
FISHERIES, ESPECIALLY FOUR MAJOR CENTERS -- TUMPAT/KOTA
BHARU, KUALA TRENGGANU, KUANTUAN AND MERSING; SMALLER
SALELLITE CENTERS. SECOND FIVXOMHXEAR PLAN (1971-75)
HAS GOAL CONSTRUCTION 591 NEW FISHING VESSELS OF VARIOUS
TYPES OF WHICH 407 INTENDED TO BE BASED EAST COAST;
FOUR OF SIX PLANNED PROCESSING PLANTS, FOUR OF
SIX FISHMEAL PLANTS AND FOUR NEW ICE PLANTS ALL TO
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BE SITED ON EAST COAST; EXISTING PILOT CANNING
PLANT AT KUALA TRENGGANU TO BE EXPANDED. BANK ENVISAGES
POSSIBLE FISHERIES DEVELOPMENT LOAN OF US$15 MILLION
FOREX MAGNITUDE, DETAILS OF WHICH HOWEVER NEED TO BE
FORMULATED.

8. PROPOSED TA WOULD ENTAIL TOTAL 37 MAN/MONTHS,
INCLUDING 10 MAN/MONTHS TEAM LEADER (ECONOMIST/
INSTITUTIONAL EXPERT); 9 MAN/MONTHS EACH FOR MASTER
FISHERMAN, REFRIGERATION/PROCESSING EXPERT AND MARKETING
EXPERT. GIVEN TARGET FOR COMPLETION OF FIRST DRAFT
FEASIBILITY REPORT WITHIN 7 MONTHS WORK COMMENCED, LOAN
PROJECT COULD HOPEFULLY BE APPRAISED BY LATER 1974 OR
EARLY 1975.

9. TOTAL FOREX COST OF ASSISTANCE ESTIMATED AT $167,000
TO INCLUDE REMUNERATION, PER DIEM, TRAVEL, REPORTS AND
COMMUNICATION EXPENSES, ABOUT 15 PERCENT CONTINGENCY.
MAIN DUTY STATION AT KUALA TRENGGANU; FDA TO PROVIDE ALL
NECESSARY COUNTERPART STAFF, OFFICE AND SECRETARIAL
FACILITIES, VEHICLES AND OTHER TRANSPORTATION INCLUDING
FURNISHED AND EQUIPPED LIVING ACCOMMODATIONS FOR CONSULTANTS.
USADB SUPPORTS PROPOSAL AND RECOMMENDS FAVORABLE
NAC ACTION.

10. REQUEST EMBASSY KUALA LUMPUR'S COMMENTS FOR
NAC AGENCIES, INFO USADB MANILA, PURSUANT TO STATE

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